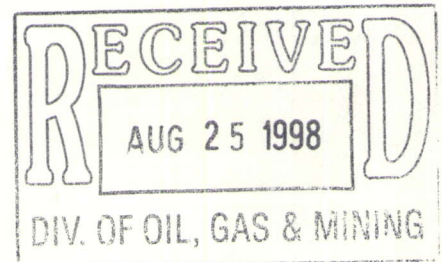


Kennecott Utah Copper Corporation
8315 West 3595 South
P.O. Box 6001
Magna, Utah 84044-6001
(801) 252-3000



Kennecott

August 20, 1998

Mr. D. Wayne Hedberg
Permit Supervisor, Minerals Regulatory Program
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84147

Re: Corrections to Reclamation Contracts:
Kennecott Utah Copper Corporation:
 Bingham Canyon Modernization, M/035/011
 Hidden Treasure Project, E/045/075
 Kennecott Barneys Canyon Mining Company, M/035/009

Dear Mr. Hedberg:

Enclosed find replacement pages one and two for the above referenced Reclamation Contracts originally forwarded with my letter of July 6, 1998. Also enclosed is a replacement for Attachment "A" of the Kennecott Barneys Canyon Mining Company's Reclamation Contract.

Thank you for the assistance. I am available at 252-3526 should you have questions or comments.

Sincerely,

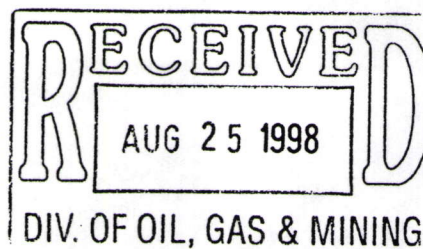
Jack R. Welch
Assistant Treasurer

Enclosures

cc: K.P. Done (w/o attachment)
R. W Johnsen - Barneys
W. R. Williams

File Number M/035/011

Effective Date Sept. 14, 1998



STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

RECLAMATION CONTRACT

---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) M/035/011
(Mineral Mined) Copper/Molybdenum

"MINE LOCATION":
(Name of Mine) Bingham Canyon Mine - UCD Modernization
(Description) Approximately 15 miles SW of SLC in
Salt Lake County
8362 West 10200 South, PO Box 525
Bingham, Utah 84006-0525

"DISTURBED AREA":
(Disturbed Acres) 588
(Legal Description) (refer to Attachment "A")

"OPERATOR":
(Company or Name) Kennecott Utah Copper Corporation
(Address) 8315 West 3595 South
P.O. Box 6001
Magna, Utah 84044
(Phone) 801-252-3000

"OPERATOR'S REGISTERED AGENT":

(Name)

(Address)

(Phone)

Corporation Service Company

One Utah Center

201 South Main Street, Suite 1800

Salt Lake City, Utah 84111-2218

801-532-1234

"OPERATOR'S OFFICER(S)":

See Attachment "C"

"SURETY":

(Form of Surety - Attachment B)

Surety Bond

"SURETY COMPANY":

(Name, Policy or Acct. No.)

St. Paul Fire & Marine Insurance Company

"SURETY AMOUNT":

(Escalated Dollars)

Ten Million Four Hundred Twenty Nine

\$10,429,000

Thousand Dollars

"ESCALATION YEAR":

2000

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Kennecott Utah Copper Corporation the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/035/011 which has been approved by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated April 21, 1987, and the original Reclamation Plan dated April 21, 1987. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face

amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

Kennecott Utah Copper Corporation
Operator Name

By R.P. Johnson / J.R. Welch
Authorized Officer (Typed or Printed)

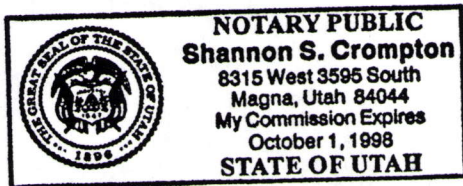
Vice President and Manager Cash and Investments
Chief Financial Officer / Assistant Treasurer
Authorized Officer - Position

R.P. Johnson / J.R. Welch
Officer's Signature

7 JULY 1998
Date

STATE OF UTAH)
COUNTY OF SALT LAKE) ss:

On the 7TH day of JULY, 19 98, personally
appeared before me R.P. JOHNSON AND J.R. WELCH who being by
me duly sworn did say that ~~they are~~ the said VP AND CFO / ASSISTANT TREASURER
~~is the~~ RESPECTUVELY of KENNECOTT UTAH COPPER CORPORATION
and duly acknowledged that said instrument was signed on behalf of said company
by authority of its bylaws or a resolution of its board of directors and said
MESSRS JOHNSON AND WELCH duly acknowledged to me that said
company executed the same.



Shannon S. Crompton
Notary Public
Residing at: SALT LAKE CO. UTAH

1 OCT '98
My Commission Expires:

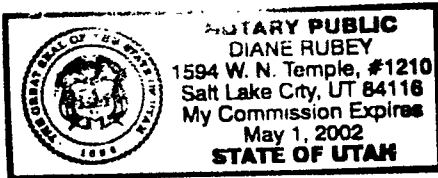
DIVISION OF OIL, GAS AND MINING:

By Lowell P. Braxton
Lowell P. Braxton, Acting Director

9/14/98
Date

STATE OF Utah)
) ss:
COUNTY OF Salt Lake)

On the 14 day of September, 19 98, personally
appeared before me Lowell P. Braxton, who being
duly sworn did say that he/~~she~~, the said Lowell P. Braxton
is the Acting Director of the Division of Oil, Gas and Mining, Department of Natural
Resources, State of Utah, and he/~~she~~ duly acknowledged to me that he/~~she~~
executed the foregoing document by authority of law on behalf of the State of
Utah.



Diane Rubey
Notary Public
Residing at: Salt Lake City, Utah

My Commission Expires: May 1, 2002

ATTACHMENT "A"

<u>Kennecott Utah Copper Corporation</u>	<u>Bingham Canyon Mine-UCD Modernization</u>
Operator	Mine Name
<u>M/035/011</u>	<u>Salt Lake</u> County, Utah
Permit Number	

The legal description of lands to be disturbed is:

Portions of the

SW 1/4 Section 19; W 1/2 Section 30; Section 21; T1S, R2W.

S 1/2 NE 1/4 Section 23; S 1/2 Section 24; Section 25; NE 1/4,
SE 1/4 Section 36; T1S, R3W.

E 1/2 Section 6; E 1/2 E 1/2 Section 7; W 1/2 NW 1/4 and SW 1/4 Section 8;
SW 1/4 and W 1/2 SE 1/4 Section 16; NW 1/4, SW 1/4, and SE 1/4
Section 17; E 1/2 W 1/2 and W 1/2 E 1/2 Section 21; NW 1/4 Section 28;
Section 29, Section 32; T2S, R2W.

Section 5; E 1/2 NE 1/4 and SE 1/4 Section 6; NE 1/4, SE 1/4 NW 1/4, SW 1/4,
and SE 1/4 Section 7; NW 1/4 NW 1/4 and E 1/2 Section 8; T3S, R2W.

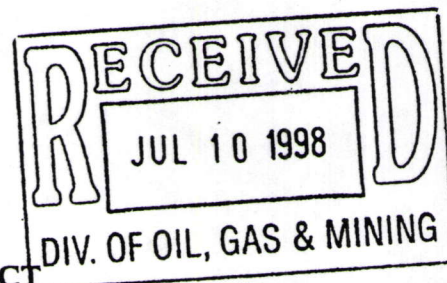
Salt Lake Base and Meridian, Salt Lake County, Utah.

ATTACHMENT B

MR FORM 5
April 7, 1998

Bond Number _____
Permit Number M/035/011
Mine Name BINGHAM CANYON MINE-
UCD MODERNIZATION

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas and Mining
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
Telephone: (801) 538-5291
Fax: (801) 359-3940



THE MINED LAND RECLAMATION ACT

SURETY BOND

The undersigned KENNECOTT UTAH COPPER CORPORATION, as Principal,
and ST. PAUL FIRE AND MARINE INSURANCE COMPANY, as Surety, hereby jointly and
severally bind ourselves, our heirs, administrators, executors, successors, and assigns, jointly
and severally, unto the State of Utah, Division of Oil, Gas and Mining (Division) in the penal
sum of TEN MILLION FOUR HUNDRED TWENTY dollars (\$10,429,000.00).
NINE THOUSAND AND NO/100*****

Principal has estimated in the Mining and Reclamation Plan approved by the Division
on the 21ST day of APRIL, 1998, that 588 acres of land will
be disturbed by mining operation in the State of Utah.

A description of the disturbed land is attached as "Attachment A" to the
Reclamation Contract, of which this document is an integral part.

The condition of this obligation is that if the Division determines that Principal has
satisfactorily reclaimed the disturbed lands in accordance with the approved Mining and
Reclamation Plan and has faithfully performed all requirements of the Mined Land
Reclamation Act, and complied with the Rules and Regulations adopted in accordance
therewith, then this obligation shall be void; otherwise it shall remain in full force and effect.

If the Mining and Reclamation Plan provides for periodic partial reclamation of the
disturbed lands, and if the lands are reclaimed in accordance with such Plan, Act and
regulations, then Principal may apply for a reduction in the amount of this Surety Bond.

In the converse, if the Mining and Reclamation Plan provides for a gradual increase in
the area disturbed or the extent of disturbance, then, the Division may require that the amount
of this Surety Bond be increased, with the written approval of the Surety.

This bond may be canceled by Surety after ninety (90) days following receipt by the Division and Principal of written notice of such cancellation. Surety's liability shall then, at the expiration of said ninety (90) days, cease and terminate except that Surety will remain fully liable for all reclamation obligations of the Principal incurred prior to the date of termination.

Principal and Surety and their successors and assigns agree to guarantee said obligation and to indemnify, defend, and hold harmless the Division from any and all expenses (including attorney fees) which the Division may sustain in the collection of sums due hereunder.

Surety will give prompt notice to Principal and to the Division of the filing of any petition or the commencement of any proceeding relating to the bankruptcy, insolvency, reorganization, or adjustment of the debts of Surety, or alleging any violation or regulatory requirements which could result in suspension or revocation of the Surety's license to do business.

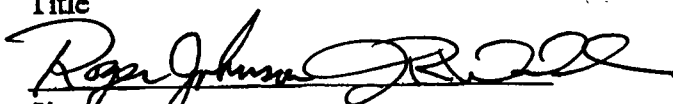
IN WITNESS WHEREOF, the Principal and Surety hereunto set their signatures and seals as of the dates set forth below.

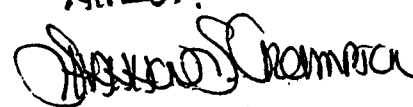
KENNECOTT UTAH COPPER CORPORATION
Principal (Permittee)

7 JULY 1998
Date

R.P. Johnson/J.R. Welch
By (Name typed):

V.P. and CFO/Asst. Treasurer
Title


Signature


ATTEST:

SECRETARY

Surety Company

ST. PAUL FIRE AND MARINE INSURANCE COMPANY
~~Company Officer~~

JUNE 23, 1998
Date

ATTORNEY-IN-FACT
Title/Position


Signature RICHARD C. ROSE

Page 3
MR-5 (revised April 7, 1998)
Attachment B

Bond Number
Permit Number M/035/011
Mine Name BINGHAM CANYON MINE-
UCD MODERNIZATION

SO AGREED this 14th day of September, 1998.

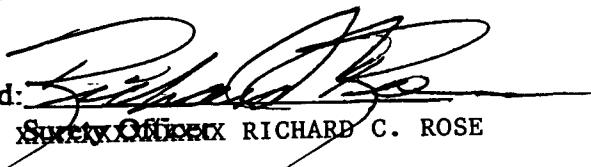
AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

Lowell P. Braxton
Lowell P. Braxton, Acting Director
Utah State Division of Oil, Gas and Mining

*NOTE: Where one signs by virtue of Power of Attorney for a Surety, such Power of Attorney must be filed with this bond. If the Operator is a corporation, the bond shall be executed by its duly authorized officer.

AFFIDAVIT OF QUALIFICATION


On the 23RD day of JUNE, 1998, personally appeared before me
RICHARD C. ROSE who being by me duly sworn
did say that he/she, the said RICHARD C. ROSE is the ATTORNEY-IN-FACT
of ST. PAUL FIRE AND MARINE INSURANCE COMPANY and duly acknowledged that said instrument
was signed on behalf of said company by authority of its bylaws or a resolution of its board of
directors and said
RICHARD C. ROSE duly acknowledged to me that said company executed
the same, and that he/she is duly authorized to execute and deliver the foregoing obligations;
that said Surety is authorized to execute the same and has complied in all respects with the laws
of Utah in reference to becoming sole surety upon bonds, undertaking and obligations.

Signed: 
~~Surety Officer~~ RICHARD C. ROSE

Title: ATTORNEY-IN-FACT

STATE OF TENNESSEE)
) ss:
COUNTY OF KNOX)

Subscribed and sworn to before me this 23RD day of JUNE, 1998.


Notary Public CELESTE G. FRAZIER
Residing at: KNOXVILLE, TN

My Commission Expires:

MAY 30, ~~19~~ 2000

CERTIFIED
COPY NO.

For verification of the authenticity of this Power of Attorney, you may telephone toll free 1-800-421-3880 and ask for the Power of Attorney Clerk. Please refer to the Certificate of Authority No. and the named individual(s).

1989828

F-14943

GENERAL POWER OF ATTORNEY - CERTIFIED COPY
(Original on File at Home Office of Company. See Certification.)

KNOW ALL MEN BY THESE PRESENTS: That St. Paul Fire and Marine Insurance Company, a corporation organized and existing under the laws of the State of Minnesota, having its principal office in the City of St. Paul, Minnesota, does hereby constitute and appoint:

Richard G. Anderson, Richard C. Rose, Janice H. Fennell, Frank A. Word, Jr.,
Tracy Tucker, individually, Knoxville, Tennessee

its true and lawful attorney(s)-in-fact to execute, seal and deliver for and on its behalf as surety, any and all bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, which are or may be allowed, required or permitted by law, statute, rule, regulation, contract or otherwise,

NOT TO EXCEED IN PENALTY THE SUM OF FIFTY MILLION DOLLARS (\$50,000,000) EACH

and the execution of all such instrument(s) in pursuance of these presents, shall be as binding upon said St. Paul Fire and Marine Insurance Company, as fully and amply, to all intents and purposes, as if the same had been duly executed and acknowledged by its regularly elected officers at its principal office.

This Power of Attorney is executed, and may be certified to and may be revoked, pursuant to and by authority of Article V, Section 6(C), of the By-Laws adopted by the Shareholders of ST. PAUL FIRE AND MARINE INSURANCE COMPANY at a meeting called and held on the 28th day of April, 1978, of which the following is a true transcript of said Section 6 (C):

"The President or any Vice President, Assistant Vice President, Secretary or Service Center General Manager shall have power and authority

- (1) To appoint Attorneys-in-fact, and to authorize them to execute on behalf of the Company, and attach the Seal of the Company thereto, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, and
- (2) To appoint special Attorneys-in-fact, who are hereby authorized to certify to copies of any power-of-attorney issued in pursuance of this section and/or any of the By-Laws of the Company, and
- (3) To remove, at any time, any such Attorney-in-fact or Special Attorney-in-fact and revoke the authority given him."

Further, this Power of Attorney is signed and sealed by facsimile pursuant to resolution of the Board of Directors of said Company adopted at a meeting duly called and held on the 5th day of May, 1959, of which the following is a true excerpt:

"Now therefore the signatures of such officers and the seal of the Company may be affixed to any such power of attorney or any certificate relating thereto by facsimile, and any such power of attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached."

IN TESTIMONY WHEREOF, St. Paul Fire and Marine Insurance Company has caused this instrument to be signed and its corporate seal to be affixed by its authorized officer, this 30th day of November, A.D. 1990.

ST. PAUL FIRE AND MARINE INSURANCE COMPANY

STATE OF NEW JERSEY } ss.
County of Somerset

KENNETH J. RYAN, Secretary

On this 16th day of May, 1997, before me came the individual who executed the preceding instrument, to me personally known, and, being by me duly sworn, said that he/she is the therein described and authorized officer of St. Paul Fire and Marine Insurance Company; that the seal affixed to said instrument is the Corporate Seal of said Company; that the said Corporate Seal and his/her signature were duly affixed by order of the Board of Directors of said Company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal, at the township of Bedminster, New Jersey, the day and year first above written.

LINDA SMETHERS, Notary Public, Middlesex, NJ
My Commission Expires December 16, 2001**CERTIFICATION**

I, the undersigned officer of St. Paul Fire and Marine Insurance Company, do hereby certify that I have compared the foregoing copy of the Power of Attorney and affidavit, and the copy of the Section of the By-Laws of said Company as set forth in said Power of Attorney, with the ORIGINALS ON FILE IN THE HOME OFFICE OF SAID COMPANY, and that the same are correct transcripts thereof, and of the whole of the said originals, and that the said Power of Attorney has not been revoked and is now in full force and effect.



IN TESTIMONY WHEREOF, I have hereunto set my hand this

23RD day of JUNE, 1998

MICHAEL W. ANDERSON, Secretary

Only a certified copy of Power of Attorney bearing the Certificate of Authority No. printed in red on the upper right corner is binding. Photocopies, carbon copies or other reproductions of this document are invalid and not binding upon the Company.

ANY INSTRUMENT ISSUED IN EXCESS OF THE PENALTY AMOUNT STATED ABOVE IS TOTALLY VOID AND WITHOUT ANY VALIDITY.

KENNECOTT UTAH COPPER CORPORATION

DIRECTORS:

T. A. Albanese
B. D. Farmer
R. P. Johnson
D. M. Scartezina

OFFICERS:

B. D. Farmer President and Chief Executive Officer
R. P. Johnson Vice President and Chief Financial Officer
R. E. Pierce, Jr. Senior Vice President
T. A. Albanese Vice President
J. M. Cowley Vice President
D. M. Scartezina Vice President
H. B. Van Dyken Director of Engineering
W. R. Williams Director of HSEQ
S. S. Crompton Secretary
R. P. Johnson Controller
R. M. Mesa Assistant Controller
K. P. Done Treasurer
J. R. Welch Assistant Treasurer
P. D. Judd Tax Officer

KENNECOTT UTAH COPPER CORPORATION
SECRETARY'S C E R T I F I C A T E

As Secretary of Kennecott Utah Copper Corporation, a Delaware corporation (the "Corporation"), I certify the following is a true copy of resolutions adopted by the Board of Directors on 1 December 1997, which resolutions remain effective on this date:

ADOPTION OF REVISED BANKING RESOLUTIONS:

IT IS RESOLVED that either the President and Chief Executive Officer, any Vice President or the Controller together with the Treasurer or Assistant Treasurer are authorized to establish and close bank accounts, brokerage accounts, and lines of credit in the name of the Corporation; and it is further

RESOLVED that any two such persons in any combination are authorized to designate the officers, employees, or agents of the Corporation (including themselves) who are authorized to sign checks, drafts, or transfers drawn on any accounts opened in the name of the Corporation and to revoke such authority; and it is further

RESOLVED that the signature of any authorized officer, employee or agent may be affixed to any check or other instrument for the payment of money by printing, by facsimile stamp, or by any other mechanical device, and the bank is hereby authorized to rely upon and accept as genuine any such printed, facsimile stamp, or mechanical signature without any duty to determine the genuineness thereof or whether the affixing thereof has been authorized by the Corporation or the officer, employee, or agent whose name is so affixed; and it is further

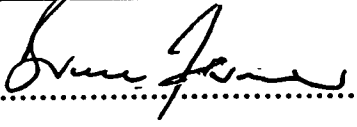

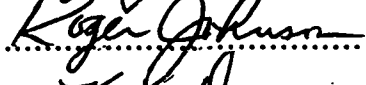


RESOLVED that such two persons, in the same combination as described in the first paragraph above, are authorized to make and direct investments of funds, including specifically but not limited to, the establishment and maintenance of accounts for the purchase and sale of commodity futures, commodity options (on futures or physicals), foreign futures and options, commodity forward contracts and physical commodities (including currencies) and to close such accounts; and it is further

RESOLVED that any two such persons in any combination are authorized to designate the officers, employees, or agents of the Corporation (including themselves) who are authorized to transact business, enter buy or sell orders, trade, and invest or sell investments with respect to any accounts opened in the name of the Corporation and to revoke such authority; and it is further

RESOLVED that the President and Chief Executive Officer or the Chief Financial Officer together with the Treasurer or Assistant Treasurer of the Corporation are authorized to execute, in the name of the Corporation, such bonds, guarantees, and any other types of indemnification agreements as they deem advisable; and it is further

RESOLVED that the above banking resolutions supersede all other banking resolutions previously adopted by the Corporation.

I further certify that (1) each of the persons listed below has been appointed and is presently serving in the position set forth to the right of his or her name; and (2) to the right of such position is his or her genuine specimen signature.

<u>NAME OF OFFICER</u>	<u>POSITION</u>	<u>SIGNATURE</u>
B. D. Farmer	President and Chief Executive Officer	
R. P. Johnson	Vice President and Chief Financial Officer	
R. P. Johnson	Controller	
K. P. Done	Treasurer	
J. R. Welch	Assistant Treasurer	

DATED AND SEALED at Salt Lake City, Utah, this 6th day of July, 1998.




SHANNON S. CROMPTON



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

Michael O. Leavitt
Governor

Lowell P. Braxton
Division Director

September 16, 1998

Ken Done
Kennecott Utah Copper Corporation
8315 West 3595 South
P.O. Box 6001
Magna, Utah 84044

Re: Acceptance of Replacement Surety Bonds and Reclamation Contracts, Kennecott Utah Copper Corporation and Kennecott Barneys Canyon Mining Company, Bingham Canyon Mine - UCD Modernization Project (M/035/011), Barneys Canyon Mine (M/035/009), and Hidden Treasure Exploration Project (E/045/075), Salt Lake County and Tooele County, Utah

On July 10, 1998, Kennecott Utah Copper Corporation and Kennecott Barneys Canyon Mining Company (Kennecott) provided the Division with replacement surety bonds for their Bingham Canyon Mine - UCD Modernization Project, the Hidden Treasure Exploration Project, and the Barneys Canyon Gold Mine. New reclamation contracts were required to accompany the new surety bonds and the completed contracts were received August 25, 1998.

The Division Director has signed the new bonds issued by St. Paul Fire and Marine Insurance Company and the reclamation contract forms. The effective date for our acceptance of the replacement sureties is September 14, 1998. We have enclosed copies of the signed replacement surety documents for your files. Also enclosed are three original surety bonds (and issued by American Home Assurance Company and a fourth bond (#41-0130-72528-95-7) issued by U.S. Fidelity Insurance Company for the UCD Modernization Project. If appropriate, please return these to the pertinent surety companies for disposal. The reclamation contracts for these bonds are also enclosed for your disposal.

By letter dated June 8, 1998, the Division honored Kennecott's request that the replacement bonds for these three operations remain at the same dollar amount as currently held by the Division, because we are only half way through the normal 5-year time period for surety re-evaluation. Therefore, the sureties were not adjusted to reflect current dollars nor re-escalated five years into the future. These replacement surety bonds will need to be reevaluated in the year 2000.

For your information, our records indicate that the bond for the Bingham Canyon Mine - 4th Line Expansion project (\$5,300,000) was due to be re-escalated in 1997. The Division will prepare an updated and re-escalated bond amount for this project and forward it to Kennecott within the next 30 days.

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Ken Done
Kennecott Bonds
September 16, 1998

Thank you for your patience and continued cooperation in finalizing these surety actions. If we can be of further assistance or if you have any questions or concerns regarding this letter, please contact me at (801) 538-5286.

Sincerely,

A handwritten signature in black ink, reading "D. Wayne Hedberg". The signature is fluid and cursive, with a long horizontal line extending from the end of the name.

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb

Enclosures: 4 original bonds; 3 original MR-RCs,
copies of 3 replacement bonds & MR-RCs
Kennecot.ltr